

Jaclyn A. Brillling
Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

March 1, 2005

Re: CASE-05-M-0090 – In the Matter of System Benefits Charge III Response to Staff Questions

Dear Ms. Brillling:

I am writing in support of the staff proposal to extend the System Benefits Charge Programs. As an energy consultant, in practice in New York State for the past twenty-nine years, I feel that extension of these programs is essential. I offer the following responses to selected staff questions:

1. SBC II has been effective in implementing a portfolio of programs that have made significant and measurable impacts across all market sectors.
2. The SBC program should be extended for another five years, at increased funding levels. The programs have proved to be cost effective and in the public interest. NYSERDA has had to curtail programs to remain within budget allocations, which is counterproductive and results in lost opportunities.
3. Yes, overall energy consumption continues to increase and energy resources are finite. Progress to date, while impressive, will not prevent shortages and resultant large increases in energy prices within our lifetimes. The programs in electricity should be complemented by parallel programs in natural gas and fuel oil.

There is considerable debate in the public sector regarding when worldwide production of oil and natural gas will peak. For example the EIA web site list 2037 as the year for peak oil production, based upon increases of 2% per year. At the present rate of increase (3.5% per year) peak oil will occur in 2022, or sooner. The US will continue to have ample energy supplies after that, but at increased cost. (The shortfall in 1973 was only a few percent). There seems to be little in the way of federal activity to significantly reduce energy consumption and therefore the states must lead this effort. New York, as a high cost of living area will be particularly susceptible to economic hardships resulting from sharply rising energy prices.

5. The governor's goal to increase the proportion of energy that is produced by renewable resources is a good one. Renewable technologies are vital, but the portfolio should be integrated into existing programs, for two reasons. First, this will leverage existing management and marketing infrastructure thereby holding program delivery costs down. Second, renewable technologies must be implemented as part of a program that includes conservation. Renewable technologies are costly and have long payback periods. The impact of renewable technologies is magnified when applied to buildings that are energy efficient to begin with. Additionally, conservation measures in general have a greater environmental impact (reduction of NO_x, CO₂, etc.) per dollar spent than renewables. Therefore, implementation of conservation and renewable resources in a coordinated fashion is essential to maximize the societal gain per dollar spent.

7. The CIPP program should be expanded to cover additional technologies. Incentives on CIPP and Smart Equipment Choices have been decreased because of funding shortfalls. They should be increased. We should provide incentives to retailers to stop carrying magnetic fluorescent ballasts.

12. Extending SBC funds to programs that encompass research and development would be an excellent idea. Before deregulation the investor owned utilities had active R&D programs. These have been curtailed. New York State has needs for additional research, especially in the industrial area. We continue to lose industrial jobs and we need more than conservation incentives to try to keep some of them here.

13. SBC programs for natural gas should parallel those for electricity and be delivered in the same fashion and through the same programs. Natural gas measures can be added to the existing electric programs. Funding for natural gas should have no impact on electricity funding levels.

The existing “electric only” programs are resulting in lost opportunities. The consumer doesn’t understand why incentives are available for saving one form of energy but not another. Given the facts that most new generation capacity is natural gas and that natural gas is the energy source that will probably face shortages the soonest in New York State, it makes no sense to encourage building owners/developers to save only electricity.

14. Large energy users should be required to conduct energy audits and implement cost effective measures in exchange for slightly better electricity and natural gas rates than those who do not. This will be more cost effective than adding generation, transmission and distribution.

Thank you for your consideration.

Respectfully,

Dennis R. Landsberg PhD, PE, CEM

President